

MEMORANDUM



Request for City Council Committee Action

Date: February 21, 2002

To: Council Member Goodman, Community Development Committee
Council Member Johnson, Ways and Means/Budget Committee

Refer to: MCDA Board of Commissioners

Prepared by: Darrell Washington, Phone 612-673-5019;
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Approved by: Chuck Lutz, Interim MCDA Executive Director _____

Subject: Accept & Appropriate a \$150,000 Hennepin County Environmental Response Grant on Behalf of the Heritage Park (formerly known as the Near Northside Redevelopment Project); Execute Grant Agreement & Subrecipient Agreements

Previous Directives: On July 31 1998, the City Council approved a resolution affirming a special law approved by the Minnesota Legislature in 1997 relating to the establishment of a housing transition tax increment district. On July 30, 1999, the City Council approved the Near North Community Redevelopment Plan. On March 24, 2000, the City Council approved the Near Northside Master Plan. On May 12, 2000, the City Council and MCDA Board approved a Master Development Agreement with McCormack Baron. On August 25, 2000, the City Council approved a Stage 1 Finance plan for the park, open space and infrastructure improvements to be constructed in Phase 1. On December 29, 2000, the City Council and MCDA Board approved an amendment to the Master Development Agreement extending the time frame for producing a Phase 1 Development Agreement. On June 8, 2001 the City Council and MCDA Board approved the major business terms of the Phase 1 Development Agreement (Rental Components) and authorized City officials to enter into a Joint Powers Agreement with the MCDA and MPHA. On June 22, 2001, the City Council and MCDA Board approved the Hollman Transition TIF Plan, Modification No. 13 to the Grant Urban Renewal Plan, and Modification No. 84 to the Common Development Tax Increment Finance Plan. On October 26, 2001, the City Council approved submission of a grant request for the Heritage Park project (Near Northside Redevelopment Project) to the Hennepin County Environmental Response grant program. On November 26, 2001, the Community Development Committee scheduled a public hearing on Modification No. 14 to the Grant Urban Renewal Plan, and Modification No. 87 to the Common Plan to allow certain properties to be placed in acquisition status. On December 28, 2001, the City Council approved Modification No. 14 to the Grant Urban Renewal Plan and Modification No. 87 to the Common Plan.

Neighborhood Group Notification: The affected neighborhood groups have been notified.

Ward: 5th

Consistency with *Building a City That Works*: The Near Northside redevelopment project is consistent with Goal 2: Ensure that an array of housing choices exists to meet the needs of our current residents and attract new residents to the city.

Comprehensive Plan Compliance: Complies

Zoning Code Compliance: All anticipated development is consistent with the current zoning classification.

Impact on MCDA Budget: (Check those that apply)

- ☐ No financial impact
- ☒ Action requires an appropriation increase to the MCDA Budget
- ☒ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

Receipt of \$150,000 in Hennepin County Environmental Response grant funding for environmental assessment; no local match required.

Living Wage / Business Subsidy: Compliance will be required.

Job Linkage: Compliance will be required.

Affirmative Action Compliance: Compliance will be required.

Recommendation:

City Council

1. Accept a \$150,000 Hennepin County Environmental Response grant for pollution investigation and remediation activities for the Heritage Park (Near Northside Redevelopment Project).
2. Increase the 2002 MCDA Appropriation Resolution in Fund SMN by \$150,000
3. Increase MCDA Revenue Budget in Fund SMN (3220-02 County Grants) by \$150,000
4. Forward this report to the MCDA Board of Commissioners for its review and approval

MCDA Board of Commissioners

5. Execute grant agreement and subrecipient agreements

Background/Supporting Information

The MCDA has received a Hennepin County Environmental Response Fund grant in the amount of \$150,000 for environmental assessment activities for Heritage Park (Near Northside Redevelopment Project). The intent of this letter is to request authorization for acceptance and appropriation of the grant as well as authorization to execute grant and subrecipient agreements as required to implement the project. Funds will be used to conduct environmental assessments of the 21 properties in the North-South Boulevard corridor. Local match is not required for this grant.

Heritage Park Project Background

The Heritage Park Redevelopment Project will result in 900 new housing units replacing the former Sumner, Olson, Glenwood, and Lyndale family public housing developments. The redevelopment is generally bounded by I-94 on east, Glenwood Ave. on the south, Girard Ave. N on the west, and 7th Street N. on the north.

The Heritage Park Redevelopment Project will be implemented in four phases, with the first two phases located on the north side of Olson Memorial Highway and the third and fourth phases on the south side of Olson. Construction of eight of the approximately 45 rental buildings located in Phase 1 is currently underway. Completion of the infrastructure and site preparation work is anticipated to end 2002 for Phase 1 and 2003 for Phase 2. Phase 1 includes 270 units – 232 rental and approximately 38 ownership units. Phase 2 includes a mixture of 150 rental and for-sale units. Phase 3 includes a mixture of 250 rental and for-sale units. Phase 4 includes a mixture of 130 rental and for-sale units. McCormack Baron & Associates of St. Louis is the master developer for the project and is partnered with the local firm of Legacy Management and Development Corporation. McCormack Baron & Associates will construct, own and manage the rental units.

Of the nine hundred (900) new housing units that will be constructed between 2001 and 2008, 440 will be rental units and 360 units will provide homeownership opportunities. The housing units will be built for families of a variety of incomes. Of the 440 total rental units, approximately 200 units will be family public housing (for families at or below 30% of area median income) and 90 units will be constructed using tax-credit financing (for families at or below 50% of area median income). The remaining 150 units will be offered at market-rate rent levels. Of the 360 ownership units, 110 will be affordable to families with incomes less than 80% of area median income.

Upon completion, Heritage Park will include new parks, new infrastructure, facilities for community and service organizations, and the parkway boulevard that will connect this north Minneapolis community with south Minneapolis.